

# STATE OF ILLINOIS

## DEPARTMENT OF INSURANCE



IN THE MATTER OF THE  
REVOCATION OF LICENSING  
AUTHORITY OF:

Randy J. Veselik  
8 South 141 Aintree Drive  
Naperville, Illinois 60540

### ORDER OF REVOCATION

I, J. Anthony Clark, Director of Insurance of the State of Illinois, hereby revoke the license of Randy J. Veselik (Licensee) to take effect 30 days from the date of mailing of this Order pursuant to Section 500-70 of the Illinois Insurance Code (215 ILCS 5/500-70).

Based upon an investigation and review of the Licensee by the Producer Section of the Illinois Department of Insurance, the Department alleges that:

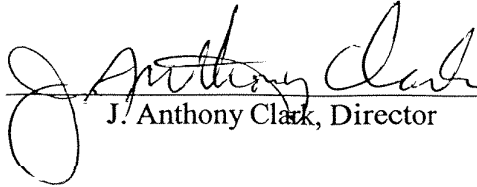
On March 22, 2002, the National Association of Securities Dealers (NASD) Regulation, Inc., District No. 5 accepted the Offer of Settlement that the Licensee submitted. Therefore, on March 22, 2002, the NASD issued an Order Accepting Offer of Settlement in Disciplinary proceeding No. C05020002 (exhibit "A" attached). The Licensee was ordered barred from association with any member of the NASD in any capacity and the Licensee was ordered to pay restitution to an Illinois consumer in the amount of \$1,395,000.00 plus interest.

By the above action, the Licensee has demonstrated incompetence, untrustworthiness, and financial irresponsibility in the conduct of business in this State and elsewhere which are grounds for revocation pursuant to Section 500-70 (a)(8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(8)).

This Order of Revocation shall take effect 30 days from the date of mailing but shall be stayed if within the 30-day period a written request for hearing is filed with the Director. Any correspondence concerning this Order of Revocation shall be addressed to the Department of Insurance, Producer Section, 320 West Washington Street, Springfield, Illinois 62767-0001.

50 Ill. Adm. Code 2402 governs hearings before the Department of Insurance. Section 408(5)(a) of the Illinois Insurance Code (215 ILCS 5/408) and 50 Ill. Adm. Code 2402.270(d) provide that the costs of a hearing may be assessed against the parties.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the Official Seal of the Department of Insurance in the City of Springfield, State of Illinois, this 6<sup>th</sup> day of November, A.D., 2003.

  
J. Anthony Clark, Director

JAC:TA:ct543

**Certified, Return Receipt Requested**

Mr. Randall J. Veselik  
3807 Washington  
Oak Brook, IL 60521  
(Cert #7001 0360 0000 8474 3005)

FROM: NASD Regulation, Inc., District No. 5  
1100 Poydras Street, Suite 850  
New Orleans, Louisiana 70163-0802

DATE: March 22, 2002

RE: Offer of Settlement in Disciplinary Proceeding No. C05020002

**Please be advised that the Offer of Settlement you submitted in the above-referenced matter has been accepted by NASD Regulation Inc.'s National Adjudicatory Council ("NAC"), or by the Office of Disciplinary Affairs on behalf of the NAC, pursuant to amended NASD Rule 9270, effective October 1, 2001. Enclosed is the Order accepting your Offer of Settlement.**

You are again reminded of your obligation, if currently registered, to update immediately your registration (Uniform Application for Securities Industry Registration or Transfer) ("Form U-4") to reflect the conclusion of this disciplinary action. Additionally, you must also notify NASD Regulation, Inc. in writing of any change of address or other changes required to be made to your Form U-4.

You will be notified by CRD/Public Disclosure regarding sanctions and by the Finance Department regarding the payment of any fine. Please be advised that the bar is effective immediately.

If you have any questions concerning this matter, please call the undersigned at (504) 522-6527.

Wm. H. Murray

Mark P. Dauer  
Regional Counsel

Enclosure

cc: Mr. Randall J. Veselik  
c/o Peter B. Shaeffer, Esq.  
29 South LaSalle Street, Suite 620  
Chicago, IL 60603

EXHIBIT "A"

NASD REGULATION, INC.  
OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

**Randall J. Veselik**  
Registered General Securities Representative  
[CRD No. 2258833],

Respondent.

Disciplinary Proceeding  
No. C05020002

Hearing Officer - SW

**ORDER ACCEPTING OFFER OF  
SETTLEMENT**

Date: March 22, 2002

**INTRODUCTION**

Disciplinary Proceeding No. C05020002 was filed on January 17, 2002, by the Department of Enforcement of NASD Regulation, Inc. ("Complainant"). Respondent Randall J. Veselik submitted an Offer of Settlement ("Offer") to Complainant on March 8, 2002. Pursuant to Code of Procedure Rule 9270(e), the Complainant and the National Adjudicatory Council ("NAC") or the Office of Disciplinary Affairs ("ODA") have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to Code of Procedure Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented for the purpose of this proceeding only, without admitting or denying the allegations of the Complaint, to the entry of findings of facts and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by the National Association of Securities Dealers.

#### BACKGROUND

Respondent Randall J. Veselik ("Veselik") entered the securities industry in August 31, 1992 as an Investment Company/Variable Contracts Representative of MONY Securities Corp., a member of this Association. While associated with MONY Securities Corp., Veselik obtained his General Securities Representative registration on January 27, 1994. Randall J. Veselik was registered with MONY Securities Corp. until July 23, 1997, as a General Securities Representative. Veselik was associated with member firm H. Beck, Inc. from July 29, 1997 until December 31, 2000. During all periods mentioned herein, Veselik was registered with the Association under Article V of the By-Laws as a General Securities Representative. Veselik is not currently associated with a member firm.

#### FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

As alleged in the First Cause of Complaint, in violation of NASD Conduct Rules 2110 and 3040(b), during the period from June through November 2000, Randall J. Veselik participated in

the sale of securities is sued by Hilltopper Enterprises, L.L.C. ("Hilltopper") as follows:

<u>Customer</u>	<u>Date of Security</u>	<u>Amt. of Investment</u>	<u>Hereinafter "Security No..."</u>
JB	June 16, 2000	\$ 395,000	1.
JPPSS	August 25, 2000	2,000,000	2.
JPPSS	August 25, 2000	1,000,000	3.
JB	November 24, 2000	1,000,000	4.

Veselik signed Securities 1 through 4 on behalf of Hilltopper, and he is an owner and manager of Hilltopper. Securities 1 through 4 are in default. The majority of the funds invested with Hilltopper were lost by Veselik through speculative trading in options on exchange-traded funds and technology stocks. Proceeds of the sale of Securities 1 through 4 were co-mingled in an account owned and controlled by Hilltopper. Security No. 1 had a maturity date of June 26, 2001 and promised a minimum return of 12 percent per annum. It further provided that if the total return from Hilltopper's investment of the funds provided by JB exceeded 12 percent per annum, Hilltopper would retain the next 12 percent, and amounts in excess of 24 percent would be shared equally by JB and Hilltopper. Security No. 2 could be terminated by either party upon written notice and promised a return "equivalent [to] the S&P 500 Index." Security No. 3 could be terminated by mutual agreement of the parties and promised a return of eight percent per annum. Security No. 4 had a maturity date of December 31, 2001 and promised a return of 12 percent per annum. In the written instruments evidencing Securities 1, 3 and 4, the payee is

referred to as the "Investor." In the written instrument evidencing Security No. 2, Hilltopper represents that the funds will be invested in "corporate, government, government agency, municipal or other bonds or fixed income obligations, money market instruments and such other securities as [Hilltopper] may select, unless expressly limited by written directions or investment guidelines adopted by [JPPSS]." With respect to Securities 1, 3, and 4, no representation is made in the instruments concerning the use of the funds by Hilltopper, except that in Security No. 1, it is stated that the funds would be invested by Hilltopper. However, in at least three issues of a newsletter entitled *The Emerald Advisor* provided by Veselik to JB, it is stated that funds obtained from investors would be used for "covered call option writing." None of the securities was covered by FDIC insurance or subject to any other scheme of regulation sufficient to make regulation under the federal securities laws unnecessary. Veselik did not provide prior written notice of his involvement in the above-described transactions to the member firm with which he was associated.

As alleged in the Second Cause of Complaint, by letter dated May 25, 2001 the District No. 5 staff of NASD Regulation, Inc. requested that Randall J. Veselik appear for an on-the-record interview on June 8, 2001. The request was sent pursuant to, and in accordance with, the provisions of Procedural Rule 8210. By letter dated May 25, 2001, Veselik represented, through his counsel, that he would not appear for an on-the-record interview on June 8, 2001. Veselik failed to appear and provide testimony on June 8, 2001 or at any other time.

Based on the foregoing, Randall J. Veselik is found to have violated NASD Conduct Rules 2110 and 3040(b), as alleged in the First Cause of Complaint, and NASD Conduct Rule 2110 and Procedural Rule 8210, as alleged in the Second Cause of Complaint.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by NASD Regulation, Inc., of its regulatory responsibility under the Securities Exchange Act of 1934.

### SANCTIONS

It is ordered that Randall J. Veselik be barred from association with any member of the Association in any capacity and ordered to pay restitution to customer JB in the total amount of \$1,395,000, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from June 16, 2000 on the amount of \$395,000 and from November 30, 2000 on the amount of \$1,000,000, until the date of payment; provided however that, in lieu of the payment of restitution amounts ordered pursuant to this disciplinary action, Respondent may submit proof of a settlement between Respondent and customer JB of, or satisfaction of an arbitration award or civil judgment in favor of JB against Respondent resulting from, claims arising from the matters addressed in the Complaint. Proof of payment of restitution amounts ordered pursuant to this disciplinary action, of a settlement between Respondent and customer JB, or of satisfaction of an arbitration award or civil judgment, shall be due immediately upon

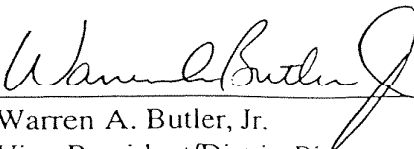
Order of Acceptance Of  
Offer of Settlement  
Randall J. Veselik  
Case No. C05020002  
Page No. 6

reassociation with a member firm or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier. The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies. If for any reason Respondent cannot locate customer JB after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property, or abandoned property fund for the state in which the customer is last known to have resided.

A bar or expulsion is effective upon service of this disciplinary action.

SO ORDERED.

NASD Regulation, Inc.

By:   
Warren A. Butler, Jr.  
Vice President/District Director  
on behalf of Jeff Holik,  
NASD Regulation, Inc.,  
Acting General Counsel

NASD REGULATION, INC.  
OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

**Randall J. Veselik**  
Registered General Securities Representative  
[CRD No. 2258833],

Respondent.

Disciplinary Proceeding  
No. C05020002

Hearing Officer - SW

**CERTIFICATE OF SERVICE**

Date: March 22, 2002

I hereby certify that on this 22<sup>nd</sup> day of March 2002, I caused a copy of the foregoing Order

Accepting Offer of Settlement and Notice of Acceptance of Offer of Settlement to be sent by first  
class certified mail as follows:

Mr. Randall J. Veselik  
85141 Aintree  
Naperville, IL 60540  
(Cert #7001 0360 0000 8473 2382)

Mr. Randall J. Veselik  
3807 Washington  
Oak Brook, IL 60521  
(Cert #7001 0360 0000 8473 2375)



Mark P. Dauer, Regional Counsel  
NASD Regulation, Inc., District No. 5  
1100 Poydras Street, Suite 850  
New Orleans, Louisiana 70163-0802  
Phone: 504/522-6527  
FAX: 504/522-4077